

**ASSESSMENT OF FACTORS AFFECTING IMPLEMENTATION OF  
ANNUAL PROCUREMENT PLAN IN LOCAL GOVERNMENT  
AUTHORITIES: A CASE STUDY OF MERU DISTRICT COUNCIL,  
ARUSHA, TANZANIA**

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REQUIREMENTS FOR THE MASTERS DEGREE IN BUSINESS  
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**2013**

**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania dissertation titled, “Assessment of factors affecting implementation of annual procurement plan in Meru District council” in partial fulfillment of the requirements for the degree of Master of Business Administration (Transport and Logistics Management).

.....

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.....

**Date**

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I, **Amida Maktubu Lema**, declare that this dissertation is my own original work and that it has not been submitted for any academic award in any other University for a similar or any other degree award.

.....

Signature

.....

Date

**DEDICATION**

This work is dedicated to my God and my family who gave me strength to face every day's life challenges.

## **ABSTARACT**

This study was about assessment of factors affecting implementation of annual procurement plan in one of Local Government Authorities, case study in Meru District Council (MDC). The research was conducted in four groups of respondents within MDC. The main objective of the study was to assess factors affecting implementation of annual procurement plan in LGAs. Specifically, the study aimed to; Identify procedure/process used in preparing procurement plan and its implementation in Meru District Council; To identify the factors affecting implementation of annual procurement plan in Meru District Council; and to examine effects of management on implementation of procurement plan in Meru District Council. The research methodology was designed to collect data from sixty (60) respondents through different methods such as questionnaires (open and closed ended), oral interview, internet and observation. The collected data was statistically and analyzed using Statistical Package for Social Science (SPSS) software version 16.0. Implementation of annual procurement plan in council is very important aspect for better performance if well followed. However, the findings revealed that, delay of fund from central government and other sources, Lack of awareness on implementation of annual procurement plan, in adequate allocation of funds (insufficient budget) and Lack of knowledge on the newly introduced payments system (EPICOR) affect the implementation of annual procurement plan. Therefore, it is recommended that annual procurement plan should be adhered according to Public Procurement Acts 2004 and its regulation 2005 in order to impart efficient, cost effective and finally to obtain value for money.

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## TABLE OF CONTENTS

<b>CERTIFICATION .....</b>	<b>ii</b>
<b>COPYRIGHT .....</b>	<b>iii</b>
<b>DECLARATION.....</b>	<b>iv</b>
<b>DEDICATION.....</b>	<b>v</b>
<b>ABSTARACT .....</b>	<b>vi</b>
<b>ACKNOWLEDGEMENTS.....</b>	<b>vii</b>
<b>TABLE OF CONTENTS.....</b>	<b>ix</b>
<b>LIST OF TABLES .....</b>	<b>xiii</b>
<b>LIST OF FIGURES .....</b>	<b>xiv</b>
<b>LIST OF ABBREVIATIONS AND ACRONYMS .....</b>	<b>xv</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>1.0 INTRODUCTION .....</b>	<b>1</b>
1.1 Overview.....	1
1.2 Statement of the Problem.....	3
1.3 Objectives of the Study.....	4
1.3.1 General Objective .....	4
1.3.2 Specific Objectives .....	4
1.4 Research Questions.....	5
1.4.1 Specific Research Questions.....	5
1.5 Significance of the Study .....	5
3.10 Scope of the Study .....	6
3.11 Organization of the Study .....	6
<b>CHAPTER TWO .....</b>	<b>7</b>

<b>2.0</b>	<b>LITERATURE REVIEW .....</b>	<b>7</b>
2.1	Introduction.....	7
2.2	Definition and Description of Important Concepts and Terms .....	7
2.2.1	Procurement .....	7
2.2.2	Procurement Management Unit (PMU) .....	8
2.2.3	Procurement Planning .....	8
2.2.4	Procuring Entity (PEs) .....	9
2.2.5	Budget .....	9
2.2.6	Value for money (VFM) .....	9
2.2.7	Goods .....	9
2.2.8	Works .....	9
2.2.9	Services .....	10
2.2.10	Time Scale.....	10
2.3	Factors Affecting Implementation of Annual Procurement Plan .....	10
2.3.1	Human Resources Capabilities.....	10
2.3.2	Favorable environment.....	11
2.3.3	ICT adoption .....	12
2.3.4	Accountability .....	13
2.3.5	Ethics .....	14
2.4	Purpose of Procurement Planning .....	15
2.5	Empirical Literature Review .....	16
2.5.1	Overview .....	16
2.5.2	Empirical Study outside Tanzania.....	16
2.5.3	Empirical study Tanzania Cases .....	17

2.6	Conceptual Framework (Model).....	18
<b>CHAPTER THREE .....</b>		<b>20</b>
<b>3.0</b>	<b>RESEARCH METHODOLOGY .....</b>	<b>20</b>
3.1	Overview.....	20
3.2	Research Strategies.....	20
3.2.1	Exploratory Design .....	20
3.2.2	Experimental Design .....	21
3.2.3	Descriptive Design .....	21
3.3	Survey Population.....	22
3.3.1	Sample size.....	22
3.4	Description of Area of the Research Site .....	24
3.5	Sampling Design and Procedures .....	24
3.6	Methods of Data Collection.....	25
3.6.1	Types of Data .....	25
3.7	Tools of Data Collection.....	26
3.8	Questionnaires Pre-Testing.....	27
3.9	Data Management.....	28
3.9.1	Data editing .....	28
3.9.2	Data Coding.....	29
3.10	Techniques of Data Collection .....	29
3.11	Data Processing and Analysis.....	29
<b>CHAPTER FOUR.....</b>		<b>32</b>
<b>4.0</b>	<b>REASEARCH FINDINGS AND ANALYSIS.....</b>	<b>32</b>
4.1	Introduction.....	32

4.2	4.2 Discussion of the Findings .....	32
4.3	Discussion of the Findings Linking Back to the Literature Review.....	52
	<b>CHAPTER FIVE.....</b>	<b>57</b>
<b>5.0</b>	<b>CONCLUSION AND RECOMMENDATIONS .....</b>	<b>57</b>
5.1	Introduction.....	57
5.2	Summary of the Main Findings .....	58
5.3	Implication of the Results .....	59
5.4	Conclusions .....	60
5.5	Recommendations.....	61
5.6	Limitations of the Study .....	62
5.7	Area for Further Study .....	63
	<b>REFERENCE .....</b>	<b>64</b>
	<b>APPENDICES .....</b>	<b>69</b>

## LIST OF TABLES

Table 3.1	Sample size distribution .....	23
Table 4.1:	Respondents Groups .....	32
Table 4.2:	Procurement Management Unit.....	34
Table 4.3:	Procurement Management Unit.....	35
Table 4.4:	Council Tender Board Members Respondents.....	36
Table 4.5:	User Departments Respond .....	38
Table 4.6:	User departments .....	39
Table 4.7:	User departments Respondents.....	40
Table 4.8:	Suppliers, Contractors and Service Providers Respondents.....	41
Table 4.9:	Suppliers, Contractors and Service Providers .....	41
Table 4.10:	Procurement Management Unit Respondents .....	42
Table 4.11:	Council Tender Board Members Respondents.....	43
Table 4.12:	Contractors, Suppliers and Service Providers .....	47
Table 4.13:	Procurement Management Unit.....	48
Table 4.14:	Council Tender Board Members .....	49
Table 4.15:	Respondents from User Department .....	50
Table 4.16:	User Department Respondents .....	50
Table 4.17:	Contractors, Suppliers and Service Providers Respondents.....	53

## LIST OF FIGURES

Figure 2: 1 Conceptual Framework For Factors Affecting Implementation of Annual Procurement Plan In Meru District Council .....	19
Figure4.1: Council Tender Board Members .....	37
Figure 4.2: Factors That Affect Smooth Implementation Of Annual Procurement Plan.....	44
Figure 4.3: User Departments Respondents .....	45
Figure 4.4: Contractors, Suppliers And Service Providers Responses .....	46
Figure 4.5: Procurement Management Unit Response .....	48
Figure 4.6: Council Tender Board Members .....	50
Figure 4.7: Contractors, Suppliers And Service Providers Respondents .....	53

## **LIST OF ABBREVIATIONS AND ACRONYMS**

APP	Annual Procurement Plan
CTB	Council Tender Board
LGAs	Local Government Authorities
MDC	Meru District Council
PEs	Procuring Entities
PMU	Procurement Management Unit
PPA	Public Procurement Act
PPR	Public Procurement Regulations
PPRA	Public Procurement Regulatory Authority
SPSS	Statistical Packages for Social Scientists
URT	United Republic of Tanzania
VFM	Value for Money
WWW	World Wide Website

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 Overview**

The overall purpose of this study is to assess factors affecting implementation of annual procurement plan in Local Government Authority. This chapter covers the background of the study, the statement of the research problem, research objectives, and research questions, Significance of the study, scope and limitation of the study.

Procurement plan had been defined by various authors that, is a proactive and phased approach to management of an organization's procurement process so as to achieve overall objectives of agreed procurement policies (PPRA, 2008). The historic study indicate that from the very beginning the problem persist because there was no set rules, procedures and principles followed during procurement plan process and the people involved were not procurement expert (Mlinga, 2006).

In most developing countries Tanzania not exception, the procurement function is transitioning from a clerical non-strategic unit to an effective socio-economic unit that is able to influence decisions and add value Knight *et al* (2007); and Facolta di Economia, 2006 as cited by Kakwezi and Nyeko, 2008). Developing countries in one way or another have reformed their public procurement regulations. The reforms have not been limited to regulations only, included public procurement process, methods, procurement organizational structure, and the workforce. The reforms have been as a result of joint effort with various development partners like the World



Bank, International Trade Centre, WTO, and UNCTAD varying from country to country. Nonetheless, most developing countries are facing a problem of rapid changes in public procurement requirements. The changes are impacting pressure on how the procurement function performs its internal and external processes and procedures in order to achieve its objectives. Having ineffective procurement plan resulted to loss value for money. Therefore the government decided to put more effort to professional bodies to support and train people on procurement matters in order to obtain value for money procurement. Also the establishment of PPRA revealed more efforts on procurement matters by conducting different seminars/workshops and journals so as to bring awareness on procurement plan process in order to achieve the intended objectives.

The study revealed that, due to different efforts made by both Government and professional bodies the objectives of procurement were not obtained to 100% because still the procurement plan implementation faces some problems (Mlinga, 2008). Therefore the researcher intends to focus on Assessment of the factors affecting implementation of Annual Procurement Plan in Meru District council. The researcher select to deal with this topic because, she is a procurement expert by professional, also she is among of the staff who participating in preparing annual procurement plan every financial year, but during implementation, the plan is not fully implemented as planned. However, information on the factors affecting implementation of annual procurement plan are rather lacking in Meru district. Several researches on the implementation of annual procurement plan have been done in many parts of Tanzania (Manyara, 2006). However, such information

obtained elsewhere may not be valid in all Tanzania environments such as in Meru District Council. There is a need therefore to assess factors affecting implementation of annual procurement plan.

## **1.2 Statement of the Problem**

Factors affecting implementation of annual procurement plan starts when procurement cycle procedures starts and as well as when procurement activities are well justified. The requirements for the procuring entities to prepare and implement annual procurement plan is mandatory in accordance with the Public Procurement Act No. 21 of 2004 and Public Procurement Regulations of 2005 (PPA, 2004). However, many procurement entities (PEs) do not give proper attention in implementing the Annual Procurement Plan (APP) as it deserves (Mlinga, 2008). The author further stipulated that, properly prepared and executed APP will enable the PEs to identify early symptoms of problems to the procurement cycle and look for the way to rectify such problem(s).

Therefore the symptoms of the problem was minimized by the introduction of Act No. 21 of 2001 and its regulations which helped many public sector to obtain its objectives on procurement matters as well as establishment of Public Procurement Regulatory Authority (PPRA) which also provided different seminars/workshops on procurement issues. However, there are still some deviations during the implementation of annual procurement plan.

(David, 2002; DCD/DAC, 2003; NSSF, 2005; Atkinson, 2006; and PPDA, 2007). It was reported in 2006 that the procurement functions of most public entities were not

complying to set procurement process and performance. Procedures leading to irregular and subjective decisions (PPDA, 2006). These decisions have had costly consequences for any public entity, and the country at large.

Regardless of the effort made by the both parties, government and professional bodies like Public Procurement Regulatory Authority (PPRA) and Procurement And Supplies Professional and Technician Board (PSPTB) on procurement there are still some deviations during the implementation of annual procurement plan which the researcher intended to assess the factors affecting implementation of annual procurement plan in Local Government Authorities, specifically in Meru District Council.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The general objective of the study is to assess factors that affect implementation of annual procurement plan in Local Government Authorities.

#### **1.3.2 Specific Objectives**

- i. To identify procedure/process used in preparing procurement plan and its implementation in Meru District Council if are well followed.
- ii. To identify the factors affecting implementation of annual procurement plan in Meru District Council.
- iii. To examine effects of management on implementation of procurement plan.

## **1.4 Research Questions**

The research question focuses on the factors affecting implementation of annual procurement plan in Meru District Council.

### **1.4.1 Specific Research Questions**

- i. Are the procedures in procurement plan preparation and implementation if are well followed in Meru District Council?
- ii. Are there any factors affecting implementation of annual procurement plan in Meru District Council?
- iii. Does the management action have any effect on implementation of procurement plan?

## **1.5 Significance of the Study**

The study intended to find out the factors affecting implementation of APP as well as suggesting solutions to improve procurement plan performance. The study will be of significant as follow:

To the researcher, the study will increase the knowledge on procurement plan implementation problems, to know the factors affecting the procurement plan, to increase the practical knowledge so as to help the public sectors to obtain value for money, the findings can be used as reference to other researchers and to the organization can be used as basis for improvement annual procurement plans preparation and implementation. However, the study will act as a good source of information to the decision makers in LGAs and other Government Sectors.

### **3.10 Scope of the Study**

This study has been carried out in Meru District Council. The study has basically concerned with the assessment of factors affecting implementation of annual procurement plan. The study has considered the time period of twelve months of the implementation of APP of 2011/2012.

### **3.11 Organization of the Study**

Study has been organized in three chapters namely; Chapter one that covers background information of the study, The statement of the research problem, research objectives and questions, Significance of the study, limitation of the study and scope of the study. Chapter two covers literature review divided into theoretical literature review and empirical literature review. Chapter three covers research methods, description of research site, data collection and analysis applied in research study.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter involves systematic identification and analysis of documents containing information related to the study. The literature review is divided into theoretical literature review and empirical studies.

#### **2.2 Definition and Description of Important Concepts and Terms**

##### **2.2.1 Procurement**

Means buying, purchasing, renting, leasing or otherwise acquiring any goods, works or services by a procuring entity spending public funds on behalf of the ministry, department or regional administration of the government or public body and includes all functions pertain to the obtaining of any goods or works or services including descriptions of requirements, selection and invitation of tenders and preparation and award of contract (PPA, 2004).

According to wikipedia , Procurement is the acquisition of goods or services at the best possible total cost of ownership in the right quantity and quality, at the right time, in the right place for the direct benefit or use of the governments, corporations, or individuals generally via, but not limited to a contract. Hence simply procurement means buying, purchasing, renting, leasing or otherwise acquiring any goods, work or services by a procuring entity spending public funds on behalf of a ministry, department or regional administration of the Government or public body and

includes all functions that pertain to the obtaining of any goods, works or services including description of requirements, selection and invitation of tenderers,' preparation and award of contracts.

### **2.2.2 Procurement Management Unit (PMU)**

Procurement Management Unit means a division or department in each procuring entity responsible for the execution of the procurement functions (PPA, 2004).

### **2.2.3 Procurement Planning**

This is a proactive and phased approach to management of an organization's procurement process so as to achieve overall objectives of agreed procurement policies. The process also involves reviewing of assets on annual basis to identify those which are obsolete and should be subject to disposal. The procurement plan comprises the description of the goods, works and services to be procured, estimated budget for the goods or services to be procured, procurement methods and time scale (PPA, 2004). The annual procurement plan should be approved by the Finance Committee of the Council (URT, 2007).

Harrison and Hoek (2008) defined, procurement planning as the system coordinating Information on key 'source- make' - deliver processes to enable material to flow efficiently and effectively. Three time horizons are involved, namely long term, medium term and short term respectively. Along term planning process supports decisions about capacity provision and is normally a twenty years cycle, a medium term planning process deals on how to match with supply and demand within a year and short term planning process is a strategy to meet day to day demand as it unfolds.

#### **2.2.4 Procuring Entity (PEs)**

Means a public body and any other body, or unit established and mandated by government to carry out public functions (PPA, 2004).

#### **2.2.5 Budget**

A plan qualified in monetary terms, prepared and approved prior to defined period of time, usually showing a planned income to be generated and/or expenditure to be incurred during that period and the capital to be employed to contain a given objective (Lyson, 2001).

#### **2.2.6 Value for money (VFM)**

Value for money is defined as the optimum combination of the whole-life cost and quality (or fitness for the purpose) to meet the users' requirement (PPA, 2004).

#### **2.2.7 Goods**

Goods mean raw materials, products, equipment, and other physical objects of every kind and description, whether in solid, liquid or gaseous form, electricity, intangible assets and intellectual property as well as services incidental to the supply of the goods provided that value of the services does not exceed value of the good themselves (PPA, 2004).

#### **2.2.8 Works**

All works associated with the construction, reconstruction, demolition, repair or renovation of a building, structure, road or airfield; any other works, such as site preparation, excavation erection, building, installation of equipment or materials,



decoration and finishing; services which are tendered and contracted on the basis on the performance of a measurable physical output such as drilling, mapping, satellite photography or seismic investigations (PPA, 2004).

### **2.2.9 Services**

Means any object of procurement other than goods or works, which involve the furnishing of labour, time or effort including the delivery of reports, drawings or designs, or the hire or use of vehicles, machinery or equipment for the purpose of providing transport, or for carrying out work of any kind, with or without the provision of drivers, operators or technicians (PPA, 2004).

### **2.2.10 Time Scale**

According to Concise Oxford Dictionary-Tenth Edition is the time allowed for or taken by a process or sequence of events.

### **2.2.11 Procurement Contract**

Means any license, permit or other concession or authority issued by Council entered into between of council and a supplier or contractor resulting from procurement proceedings for carrying out construction or other related works or for the supply of any goods or services (URT, 2007).

## **2.3 Factors Affecting Implementation of Annual Procurement Plan**

### **2.3.1 Human Resources Capabilities**

The people working in the PMU are the key to achieving effective implementation of the plans. Staffing competent employees involves recruiting, training and retaining a

capable and adaptable workforce. Knowledgeable, dependable and versatile employees have the ability to overcome the obstacles to change, and can meet performance goals even when other resources are scarce. If all of the other elements are present, but the workforce does not meet these criteria, then achieving the objectives may be nearly impossible (Ingram, 2012).

Procurement staff will need training, particularly in how to resolve dilemmas and competing priorities. Useful monitoring and due diligence tools include supplier engagement forums and supplier questionnaires during tendering and at other stages of the relationship such as contract renewal. Public officials should not accept benefits of any kind from a third party which might reasonably be seen to compromise their personal judgment or integrity.

According to Thomson & Jackson, (2007), the actions of public officials must be above suspicion and their dealings with commercial and other interests should bear the closest possible scrutiny. It is not possible to give guidelines for every conceivable situation that may arise but if a doubt arises about a particular situation line management should be consulted.

### **2.3.2 Favorable environment**

Rethink the existing policies and procedures, and make any changes necessary to facilitate the changes resulting from procurement plan. Certain aspects of existing operational framework can actually impede implementation, and that certain areas may stand out as being lacking in policy guidance in light of implementation goals (Ingram, 2012)

### **2.3.3 ICT Adoption**

The old way of doing business consists of buyers managing forecasts and communicating requirements to suppliers via phone, fax and e-mail. Spreadsheets and manual reports are passed between the trading partners. These manual processes are slow and cumbersome. They cannot support today's demand-driven enterprises. Supply chain procurement professionals spend too much time "putting out fires" and reacting to daily problems (Thomson and Jackson, 2007) they cannot seem to find the time to develop strategic relationships with suppliers and deploy improved business processes that eliminate shortages.

Factors that hinder ICT growth in developing nations are infrastructure, business environment [financial, legal], social factors such as poverty, illiteracy, urbanization, level of education, and cultural environment, transparent manner as indicated by a mean of 3.044. The respondents agreed that government officials and elected leaders have increasingly come to realize that public agencies must utilize ICT in order to enhance the procurement processes in the public authorities are implementing scalable communication infrastructures to promote economic development by as indicated by a mean of 2.733 and 2.644 respectively.

Government officials and elected leaders have increasingly come to realize that public agencies must utilize ICT in the public sector. Faced with tight budgets and a retiring workforce, today's government agencies are operating in an environment defined by the need to do more with less. Public authorities are expected to provide excellent service to their constituents in an effective and transparent manner, all the

while working under constant resource constraints by adopting ICT (Hagen and Zeed, 2005). In order to meet today's operating challenges, regional and local governments are turning to ICT to enhance the services for residents, businesses and visitors, and improve internal efficiencies by lowering costs and increasing productivity. Public authorities are implementing scalable communication infrastructure to promote economic development, attract new businesses and above all, provide excellent service to constituent (Abouzeedan and Busler, 2002). From a business perspective, implementing scalable communication infrastructures such as wide area networks (WANS) Accommodates the various types of services government agencies require on a day to day basis, including provision of broadband internet access for online services and internal collaboration, handling administrative data.

#### **2.3.4 Accountability**

Accountability is government's obligation to demonstrate effectiveness in carrying out goals and producing the types of services that the public wants and needs (Segal and Summers 2002). Lack of accountability creates opportunities for corruption. Brinkerhoff (2004) identifies three key components of accountability, including the measurement of goals and results, the justification or explanation of those results to internal or external monitors, and punishment or sanction for non-performance or corrupt behavior. Strategies to help increase accountability include information systems which measure how inputs are used to produce outputs; watchdog organization health boards or other civic organizations to demand explanation of results; performance incentives to reward good performance ; and sanction for poor performance . In South Africa, a district health planning and reporting system was

used to improve management control and hold government agents accountable for their decisions. By combining financial and service data, the reporting system drew attention to clinics and programmes that had unusual indicators, and helped officials to explore root causes for performance difference, including possible corruption (Vian and Collins 2006).

### **2.3.5 Ethics**

Ethics is all about what is morally right and morally wrong, so procurement ethics is concerned with what is morally right in procurement as a profession Wood (1995) as cited by Ngugi and Mugo. This is very important in procurement management because procurement staff deal with suppliers represents the whole organization and that will determine the face of the organization towards the suppliers which may create a good will or destroy it. According to Wee (2002) ethics are the moral principles or values that guide officials in all aspects of their work. Ethical behavior encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency. Ethical behavior includes avoiding conflicts of interest, and not making improper use of an individual's position. Ethical behavior is important in public procurement as it involves the expenditure of public money, and is subject to public scrutiny. Public officials should always behave ethically and fairly, including in their business undertaking. Ethical behavior supports openness and accountability in a procurement process and gives suppliers confidence to participate in the Government marketplace. Ethical behavior can also reduce the cost of managing risks associated with fraud, theft, corruption, and other improper behavior; and enhance confidence in public administration (Wee, 2002). An

important and effective way to maintain ethics awareness in agencies is to provide training for employees Amos and Weathington (2008) . The authors further stipulated that, ethics training and seminars can be along with training in more specific areas, such as procurement procedures, record keeping, records management, and accountability and administrative law. Regular reviews or audits of procurement processes can be done to ensure probity is being considered and achieved.

### **2.3.6 Procurement Process**

Procurement process means the successive stages in the procurement cycle, including planning, choice of procedures, measures to solicit offers from renderers, examination and evaluation of those offers, award of contract and contract management (PPA, 2004). The procurement process starts when a need is recognized and ends where has been satisfactorily met. Officials involved in procurement must not make improper use of their position (Tan *et al.*, 2009). Officials may have access to very confidential and/ or market sensitive information. It is unethical to use inside information provided to the agency as part of a tender process, either for the material benefit of the official or for another person .Criminal sanctions apply to such behavior.

## **2.4 Purpose of Procurement Planning**

Purpose of procurement planning is to avoid emergency procurement wherever possible, to aggregate its requirement wherever possible, both within the procuring entity and between procuring entities, to obtain value for money and reduce

procurement costs, to make use of framework contracts wherever appropriate to provide an efficient, cost effective and flexible means to procure works, services or supplies that are required continuously or repeatedly over a set period of time, to avoid splitting of procurement to defeat the use of appropriate procurement methods unless such splitting is to enable wider participation of local consultants, suppliers or constructors in which case the Authority shall determine such an undertaking and integrate its procurement budget with its expenditure programme (PPA, 2004:38-39).

## **2.5 Empirical Literature Review**

### **2.5.1 Overview**

It is believed that different Public Organization used Public Procurement Act of 2004 and its regulation 2005 well. However, it is revealed not true because the Procurement in many Procuring entities isn't implemented due to different factors that face it whereas other Entities apart from being aware of different PPA and using Public Fund for Procuring activities do not have Procurement Plan. This has caused a number of problems on Procuring Entities not to achieve the value for money (PPRA, 2008).

### **2.5.2 Empirical Study outside Tanzania**

According to Basheka (2006), Procurement plan is very important facilitating the governance process in local governments. In particular, the critical stages of procurement planning essential for ensuring accountability and community participation have been highlighted the results have also revealed that accounts or

finance departments, other user departments in local governments and the newly created procurement and disposal units must work in harmony as key departments that should participate in procurement planning. If managed efficiently and effectively, procurement planning results into compliance with the set processes which eventually leads to saving tax payers money.

Procurement planning, if done at all, is generally weak, with plans reviewed for the assessment consisting of little than a list of contracts with budget numbers attached. They are essentially financing plans, with no consideration given to timing, contract packaging, the most appropriate procurement method or interdependence between different contracts on the critical path of a project (World Bank, 2003). The single greatest weakness of procurement planning in Croatia, as evidenced by the audit findings of the state audit office, is that such planning as is done generally does not start until half way through the fiscal year. This gives rise to a number of negative outcomes, including restricting the contracting authority's choice of procurement method as there is often insufficient time to conduct the open procedure, it reduces the margin for error or delay before fiscal year end and, according to the audit findings of the state audit office it leads to many procurement procedures not being completed before the end of the year, which means that financial resources remain unused.

### **2.5.3 Empirical study Tanzania Cases**

World Bank (2003) reported the following findings, lack of procurement planning; weakness in the advertisement of; noncompliance of contract award procedures

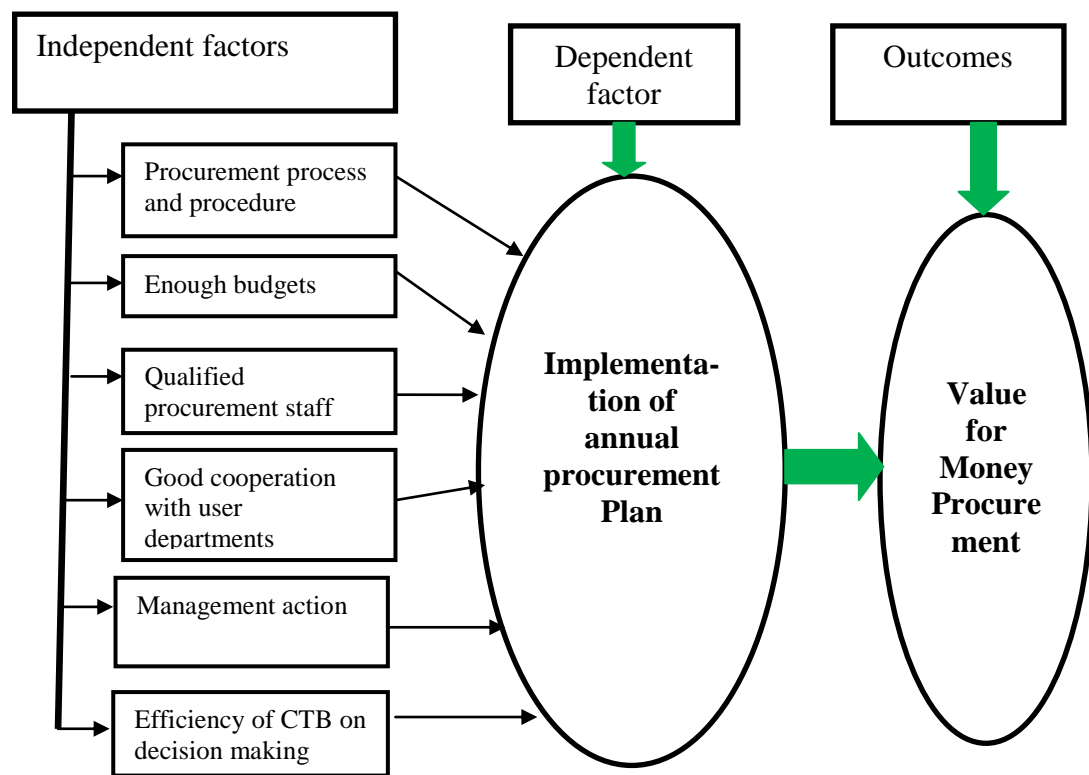


criteria and weak complaints and administrative review process were observed. One of the most critical issues in the current practice is the lack of procurement planning in the government financed projects. Procurement planning is essential for public procurement to achieve one of its major goals of providing value for money. Despite the requirement by the PPA 2004 to prepare procurement plans no actual procurement planning is taking place for government funded project, hence procurement actions are carried out on a basis. Among these actions include, selections of procurement methods. Manyara, (2006) in his study, “Assessment of Annual Procurement Planning” concluded that, procurement plan in public procurement is still having a problem of implementation due to the facts that many procurement in public are conducted without following the procurement plan as the result there are improper procurement which ends in the poor financial management. Preparation of procurement plan is very important to many organizations and it needs close cooperation between PMU, user departments and management in general as it acts as a road map to procurement of the organization which later assures the availability of goods and services for continuous operations hence achieve the targeted goals (Lema, 2009). However the study did not pin point the kind of relationship and the specific areas of cooperation. Therefore in this study it will describe areas of cooperation and kind of such relationship.

## **2.6 Conceptual Framework (Model)**

Efficient and effective implementation of annual procurement plans in public institutions depends on various factors such as procurement process and procedure, enough budget, qualified procurement staff, good cooperation with user departments,

management action, and efficiency of CTB on decision making. These factors if well management will result to efficient, effective and harmonized annual implementation of procurement plan which eventually result into value for money procurement. The relationship between independent, dependent factors and the outcomes can be exemplified as in figure 2.1



**Figure 2: 1 Conceptual Framework for Factors Affecting Implementation of Annual Procurement Plan in Meru District Council**

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Overview**

This chapter presents the methodology used in this study. It include the research strategies, survey population, area of the research or survey, sampling design and procedures, variables and measurement procedures, methods of data collection, data processing and analysis and expected results of the study.

#### **3.2 Research Strategies**

Research design is an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance with the research purpose (Kombo and Tromp, 2003). However, Kothari (2004) defined that, research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure; it constitutes a blue print for the collection, measurement and analysis of data. There were three types of research design; descriptive design, exploratory design and experimental design.

##### **3.2.1 Exploratory Design**

Exploratory research may involve the use of a battery of research methods – interviews, observation, documents and so on. However, interviewing is the most commonly used method in Master's-level research in business and organizations and it was used to provide examples of good practice in open and semi-structured

research (Fisher *et al.*, 2010). It is used when the phenomenon is not very clear or the research problem is not well defined. It aimed to acquire new facts, to know more about the problem or to have a better understanding of the problem (Kombo and Tromp 2003).

### **3.2.2 Experimental Design**

It is used when the subjects are randomly assigned to an experimental group which receives the treatment or to control group which does not receive treatment. It also involve the manipulation of one variable (independent variable) and the observation or measurement of the effects on another variable (the dependent variable) (Kombo and Tromp, 2003).

### **3.2.3 Descriptive Design**

It is a method of collecting information by interviewing or administering questionnaire to a sample of individuals, the main purpose of the descriptive design is to describe the state of affairs as it exists. Descriptive design is used when the problem is well defined and the research task is to describe the characteristics of something such as people, firms or products. To make this study more effective descriptive design was used as a research design.

This design enabled the researcher to report not only the findings but also measuring, analyzing, comparing and interpreting data. Moreover the researcher believes that descriptive design is appropriate and relevant to the study because the problems are well defined in advance and the main task was to assess the factors

affecting procurement plan in Local Government Authorities Kombo and Tromp (2003).

### **3.3 Survey Population**

Population is a group of individuals, objects or items from which samples are taken for measurement. It refers to an entire group of persons or elements that have at least one in common (Kombo and Tromp, 2003). The population of the study consisted of all Procurement Management Unit (PMU), Council Tender Board Members (CTB), user departments, Suppliers, contractors and service providers. The user departments were included Accounts, Works, Policy and planning, Primary Education and Health.

#### **3.3.1 Sample size**

Statistics sample size refers to a portion of a population, serving as a basis for estimates of the attributes of the whole population (Oxford Dictionary). To accomplish this task effectively and efficiently the researcher interviewed a total of 60 respondents ( $n= 60$ ) equivalent to 42.5% of the total target population 141 ( $N= 141$ ).

The sample size was useful because it is difficult to collect the data from the whole. The size is affordable and adequate to the study putting into consideration the factors of time and the availability of funds. In selecting respondents, a stratified random sampling technique was used. From the strata, simple random sampling was employed in selecting a sample. The study gathered information from respondents, and were categorized into four groups.

The first group was Procurement Management Unit who deal with preparation of various procurement documents, support the functioning and implement the decisions of the tender board. Second group was Council Tender Board Members who deals with approvals of all procurement activities of the council. The third groups were User Departments who normally initiate procurement and propose technical specifications to the Procurement Management Unit. The Fourth Groups Were Contractors, Suppliers and Service Providers who deals with execution of awarded contracts. The sample size proposed for this study was as shown in Table 3.1.

**Table 3.1 Sample Size Distribution**

<b>No.</b>	<b>Department</b>	<b>Expected No. of Respondents</b>	<b>Actual respondents</b>
1	Procurement Management Unit	4	3
2	Council Tender Board	7	6
3	User departments (Accounts, Policy and Planning, Works, Primary, Land, Secondary, Agriculture and Livestock and Health)	80	36
4	Suppliers, contractor and service providers	50	15
	<b>Total</b>	<b>141</b>	<b>60</b>

*Source: Field Data*

### **3.4 Description of Area of the Research Site**

The study was conducted in Meru District Council in Arusha region. Meru District Council is one among the seven District Councils of Arusha Region. The council covers an area of 1,268 km<sup>2</sup> with a population estimate of 225,617 (National Census, 2002). The council is located in the North Eastern part of the Arusha Region. It borders Siha District of Kilimanjaro to the east, Simanjiro District of Manyara to the South and Arusha District Council to the west. It lies between longitude 36° 15 – 36° 55' E and Latitude 3° 00 – 3° 40' South of Equator on the wind ward side of Mount Meru. Administratively the district is divided into 3 divisions with a total of 17 wards and 71 villages. The council has a number of employees around 2 481 of various department and cadres. The district has 48,768 households with an average size of 4.6 members. The population growth rate is 3.1% per annum.

### **3.5 Sampling Design and Procedures**

According to Kothari (2004) sampling design and procedures involves the decision to the type of sample and technique to be used in selecting the items for sample. However, due to possibility of difficult to collect data from every individual in the MDC, the researcher sampled few respondents from entire population. The study used non-probability sampling.

The major consideration for person to be included in a sample should have expertise or experiences about the problem which was assessed. Under this technique purposive sampling was applied to cluster respondents such as Procurement Management Unit, Council Tender Board Members, User Departments, Contractors,

Suppliers and Service Providers followed by simple random sampling within cluster according to Kothari (2006). I believed respondent were able to deliver the required data.

### **3.6 Methods of Data Collection**

Data collection method refers to gathering specific information aimed at providing or refuting some facts (Kombo and Tromp, 2003). The data and information of this study was collected from Meru District Council, Public Procurement Act and its regulations, internet, journals and other documents which are related to this research.

#### **3.6.1 Types of Data**

The information of this study was obtained from both primary and secondary data.

##### **i. Primary Data**

The information was collected from the field (MDC) through the following respondents Procurement Management Unit, Council Tender Board members, User Departments, Contractors, Suppliers and Service Providers.

##### **ii. Secondary Data**

This information was obtained from different sources such as Public procurement act and its regulations, internet, books, journals, documents from Meru District Council which are relevant to this study.



### 3.7 Tools of Data Collection

The data of this study was collected from different sources by using data collection tool which includes interviewing, questionnaires, internet, and observation.

#### (a) Interviewing

According to Aaker *et al* (2002), it is a form of interaction between interviewee and interviewer in the manner of collecting data from targeted sample. This helped the researcher to receive high response rate, flexibility in answering questions due to better clarification which resulted in faster and economic data collection.

#### (b) Questionnaires

It is the method of gathering information which involved sending questionnaires to the respondents and requesting them to answer the listed questions and sending back to the researcher (White, 2002). Questionnaire has two forms which are open-ended questionnaire and closed-ended questionnaire.

**Open-ended questionnaire** is a form when questions asked require the respondents to give their own answers (Aaker *et al* 2002). Under this the respondents has got no limitation on answering the question since he/she is given an opportunity to give more detailed answers.

**Closed-ended questionnaire** is a form of questions where the respondent is restricted to pre-determined responses (Aaker *et al.*, 2002). The study used both open-ended and closed-ended.

**(c) Internet**

Is a method of collecting information which involves visiting the different websites to search different necessary information from within and outside the country. The researcher used this in order to get information from different environment which leaded to economical in terms of time, cheap to administer and there was no interviewer-respondent interaction.

**(d) Observation**

This is the approach of collecting data through observing the actual situation in the area of case study. This involve the researcher deliberately observing the behavior of subjects or some phenomenon of research interest which lead to clear and accurate information in data collection (White 2002). In this study, the researcher used Questionnaires, internet surfing and observation methods for betterment of data collection. This method used to observe the whole process of initiating procurement from user departments up to the end of the process.

### **3.8 Questionnaires Pre-Testing**

A pilot survey was conducted prior to the main fieldwork to pre-test the questionnaires to modify some questions in the questionnaire hence validating it and to enhance reliability. It has been done in the first week of December 2012. The pre-testing was done to fifteen respondents.

**a) Reliability**

Reliability is defined as the quality of consistency or reliability of a study or measurement. Measuring instrument is reliable if it provides consistent results

(Kothari, 2004). That means if the same or different researcher repeats the study it should produce more or less the same results. This improved reliability by standardizing the conditions under which the measurement took place, thus external sources of variation such as monotony and fatigue were minimized. Furthermore, the researcher designed direction for measurement with no variation from group to group, and by asking similar questions to sampled respondents.

#### **b) Validity**

This is the most critical measure and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). In order to achieve validity the researcher ensured the measuring instrument provided adequate coverage of the topic by contained adequate representative sample of the Council.

### **3.9 Data Management**

Data management is a systematic organization of raw data collected in a manner that facilitate analysis (Kothari, 2004: Kombo and Tromp, 2003). It also included identifying (correcting) errors, coding the data, and storing it in appropriate form.

#### **3.9.1 Data Editing**

Is a process of examining the collected raw data to be in a position to identify errors and omissions and find ways to rectify the situation. The purpose of editing was to secure a quality standard on the data and it has involved inspection and correction of questionnaire or observation forms as stipulated by Ghauri (2002: 122).

### **3.9.2 Data Coding**

According to Kothari (1990:153) it refers to the process of assigning numerals or other symbol to classes.

### **3.10 Techniques of Data Collection**

The researcher used both qualitative and quantitative techniques during the study because they go simultaneously.

#### **i. Qualitative Techniques**

This technique used non numerical data that have not been quantified. Researcher used this aspect as non-standardized data based on meaning that need to be expressed through words.

#### **ii. Quantitative Techniques**

This technique used numerical data which are quantified. The researcher applied this technique to analyze and describe numerically the factors affecting implementation of annual procurement plan in Meru District Council.

### **3.11 Data Processing and Analysis**

Data analysis refers to examining what has been collected in survey or experiment and making deductions and inferences. It involves uncovering underlying structures, extracting important variables, detecting anomalies and testing any underlying assumptions. In this study the collected data was analyzed both qualitatively and quantitatively (Kombo and Tromp, 2003). After collecting data from the respondents, data was inspected, edited to determine variations, coded, for further analysis.

The open-coding procedure was utilized in analysis of data collected in this study as stipulated by Enon (1998). After collecting data from (MDC), the data were analyzed through tables, percentages, diagrams, figures with regard to information. Statistical Package for Social Science (SPSS) was used to obtain descriptive analysis; frequency and excel software was used for graphs and means. However, data collected was analyzed by using both qualitative and quantitative methods, but mostly this study used qualitative method to analyze and interpret data as the study involved mostly use of qualitative information.

In accomplishing the objectives of the study; First objective, procedure/process used in preparing annual procurement plan and its implementation in Meru District Council was achieved by obtaining information from Meru District Council respondents on how to identify whether procedure/process used in preparing annual procurement plan and its implementation are well followed. This assisted the researcher in obtaining answers for research question number one.

Second objective, factors affecting implementation of annual procurement plan in Meru District Council. This objective was achieved by gathering information from Meru District Council respondents, on how to identify factors affecting implementation of annual procurement plan. This assisted the researcher in getting answer for research question number two.

Third objective, effect of management on implementation of annual procurement plan. This objective was achieved by gathering information from Meru District

Council respondents on how to examine effect of management on implementation of annual procurement plan. This assisted the researcher in getting answer for research question number three.

## CHAPTER FOUR

### 4.0 REASEARCH FINDINGS AND ANALYSIS

#### 4.1 Introduction

This chapter present findings explained by the respondents in Meru District Council concerning the factors affecting implementation of annual procurement plan. The study intended to answer three questions; first the procedure/process used in preparing annual procurement plan and implementation if are well followed in Meru District Council. Second factors that affect implementation of annual procurement plan. Third effect of the management on implementation of procurement plan. This study was based on four groups of respondents as shown in Table 4.1

**Table 4.1: Respondents Groups**

<b>No.</b>	<b>Department</b>	<b>Frequency</b>	<b>Percent</b>
1	Procurement Management Unit	3	5
2	Council Tender Board Members	6	10
3	User departments (Accounts, Policy and Planning, Works, Primary Education, Land, Secondary, Agriculture, Livestock and Health)	36	60
4	Suppliers, Contractor and Service Providers	15	25
	<b>Total</b>	<b>60</b>	<b>100.0</b>

*Source: Field Data*

#### 4.2 4.2 Discussion of the Findings

The discussion of the findings of this research shows what have been obtained from the study concerning procedures/ process used in preparing plan and its implementation if are well followed, factors affecting implementation of annual

procurement plan and the effect of management on implementation of annual procurement plan in LGAs, specifically in Meru District Council.

#### **4.2.1 Procedures / Process Used in Preparing Annual Procurement Plan and its Implementation if are Well Followed**

The research intended to know whether the respondents have any knowledge concerning procedures/ process used in preparing annual procurement plan and implementation if are well followed in Meru District Council. The study involved four groups of respondents namely; Procurement Management Unit, Council Tender Board Members, User departments, Contractors, Suppliers and Service Providers.

##### **i) Procurement Management Unit**

The respondents from Procurement Management Unit, who responded on understanding the process used in preparing annual procurement plan and implementation if are well followed in Meru District Council were hundred percent (100%). This result indicates the high level of understanding on Procedures and process used in preparing annual procurement plan and its implementation. The result from respondents is indicated in Table 4.2

**Table 4.2: Procurement Management Unit Response on Procedures/Process Used in Preparing Annual Procurement Plan and its Implementation**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	3	100.0
<b>Total</b>	<b>3</b>	<b>100.0</b>

*Source: Field Data*



The respondents from Procurement Management Unit explained that, Council annual procurement plan is prepared after the approved budget and procurement plan prepared by using the standard templates and guidelines provided by Public Procurement Regulatory Authority (PPRA). The study showed that, the procurement management unit is staffed with qualified personnel. However, their number is few compared to the task and activities of procurement. Presently, the PMU has four staffs of various professional levels.

Furthermore it was revealed that annual procurement plan in Meru District Council are not well followed due to the following reasons; availability of funds in time, efficiency of tender board, qualified PMU staff, coordination and among User Department and Procurement Management Unit. Table 4.3 shows the facts from the respondents.

**Table 4.3: Procurement Management Unit Response on Procedures/Process Used in Preparing Annual Procurement Plan and its Implementation**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Availability of funds in time and efficiency of Council management	2	66.67
Efficiency of tender board, qualified PMU staff and coordination of user departments	1	33.33
<b>Total</b>	<b>3</b>	<b>100.0</b>

*Source: Field Data*

Despite of having acknowledge that they know the process used in preparing annual procurement plan and its implementation are not followed due to; as lack of funds in time, Insufficient budget inefficiency of management, lack of

accountability, ethics, compliance with PPA, Coordination among User Departments, Procurement Management Unit, and council Tender board, steel there are some reluctance.

## **ii) Council Tender Board**

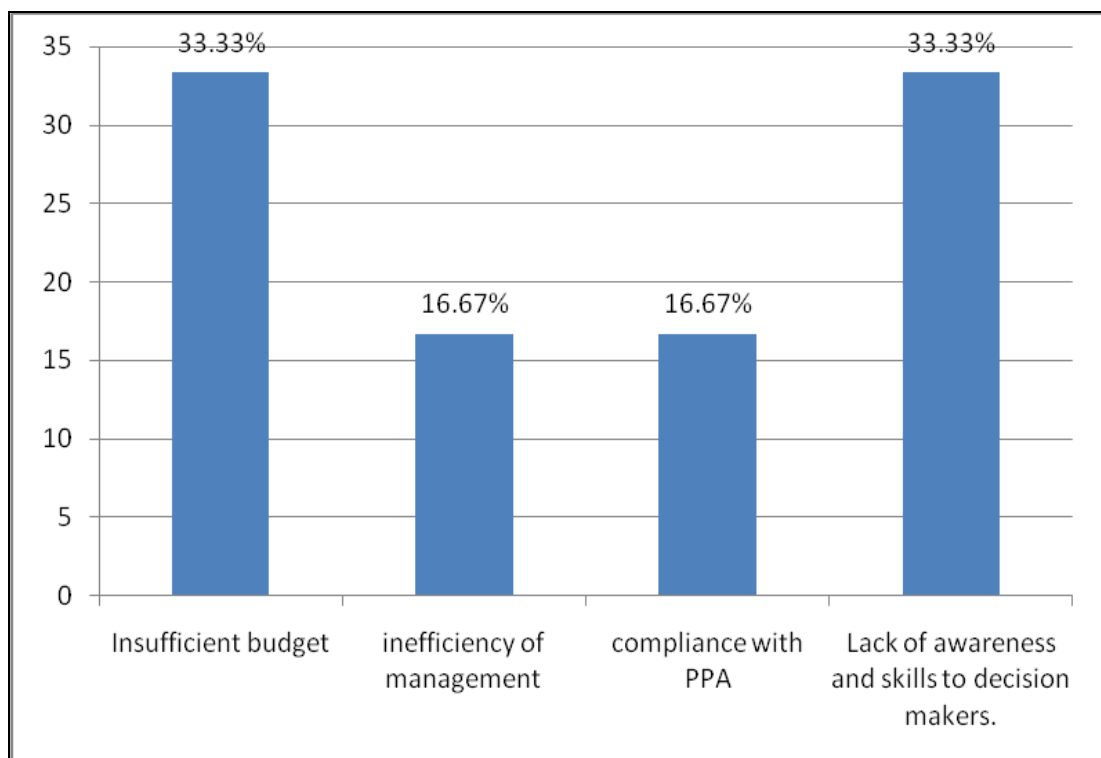
The respondents form Council Tender Board, who responded positively on understanding Procedures/ process used in preparing annual procurement plan and implementation are well followed in Meru District Council were sixty six point seven percent (66.7%). Those who said they do not know were zero percent (0%). However, thirty three point three percent (33.3%) did not respond to that question. This result was very important in relation to research problem and shows the extent to which the council tender board understand procedures and process used in preparing annual procurement plan and its implementation in Meru District as shown on Table 4.4 indicates the results

**Table 4.4: Council Tender Board Members Response on Procedures/Process Used in Preparing Annual Procurement Plan and its Implementation**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	4	66.7
No	0	0.0
No response	2	33.3
<b>Total</b>	<b>6</b>	<b>100.0</b>

*Source: Field Data*

The respondents from Council Tender Board Members Respondents highlighted that, Council annual procurement plan is prepared after the approved budget and procurement plan prepared by using the standard templates and guidelines provided by PPRA. Respondents from Tender Board explained that implementation of annual procurement plan in Meru District Council are not well followed due to the following reasons; Insufficient budget (33.33%), inefficiency of management (16.67), compliance with PPA (16.67), Lack of awareness and skills to decision makers concerning the use of appropriate procedures and policies in implementation of annual procurement plan (33.33). Figure 4.1 shows the facts from the respondents.



**Figure 4.1: Council Tender Board Members Response on Procedures/Process Used in Preparing Annual Procurement Plan and its Implementation.**

*Source: Field Data*

### iii) User Departments

The respondents from user departments who responded in relation to knowing the procedures/ process used in preparing annual procurement plan and its implementation if are well followed in Meru District Council were thirty three point three percent (33.3%). Those who said they don't know were thirty eight point eight percent (38.8%). However, twenty seven percent point nine (27.9%) not responded to the questions as shown in Table 4.5

**Table 4.5: User Department Response on Procedures/Process Used in Preparing Annual Procurement Plan and its Implementation**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	12	33.3
No	14	38.8
Non respondents	10	27.9
<b>Total</b>	<b>36</b>	<b>100.0</b>

*Source: Field Data*

The respondents from tender board members highlighted that Council annual procurement plan is prepared after the approved budget and procurement plan prepared by using the standard templates and guidelines provided by PPRA, however implementation of annual procurement plan in Meru District Council are not well followed due to the following reasons; lack of availability of fund on time, bureaucracy, inefficiency of management, lack of accountability and ethics, lack of Coordination among User Department and Procurement Management Unit, lack of

idea on the relationship between budgeting and annual procurement plan Table 4.6 shows the facts from the respondents.

**Table 4.6: User Departments Response on Procedures/Process Used in Preparing Annual Procurement Plan and its Implementation**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Lack of availability of fund on time,	15	41.7
Bureaucracy	3	8.3
Inefficiency of management	10	27.8
Lack of accountability and ethics	2	5.6
Lack of Coordination among User departments and PMU	2	5.6
Lack of idea on the relationship between budgeting and annual procurement plan	4	11.0
<b>Total</b>	<b>36</b>	<b>100.0</b>

*Source: Field Data*

The respondents admit that they know the procedures/ process used in preparing annual procurement plan and implementation are not well followed in Meru District due to the following reasons:

- Lack of awareness and skills to decision makers concerning the use of appropriate procedures and policies in implementation of annual procurement plan
- lack of availability of fund on time
- Bureaucracy
- Inefficiency of management

- Lack of accountability and ethics
- Lack of Coordination among User departments and PMU
- Lack of idea on the relationship between budgeting and annual procurement plan

However, the respondents from user departments who had not attended any seminar on procurement but had idea on the relationship between budgeting and annual procurement plan through preparation of budget by using programmed software “PLANREP 3” used by local government Authorities for budget preparation were seventy two point two (72.2%). While, about twenty seven point eight percent (27.8) only had knowledge on Procedures and process used in preparing plan and its implementation Table 4.7 shows the results from respondents.

**Table 4.7: User Departments Response on Procedures/Process Used in Preparing Annual Procurement Plan and its Implementation**

<b>Respondents</b>	<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Knowledge on Procedures and process used in preparing plan and its implementation	Yes	10	27.8
Attended any seminar	No	26	72.2
<b>Total</b>		<b>36</b>	<b>100.0</b>

*Source: Field Data*

#### **iv) Contractors, Suppliers and Service Providers Responses**

The respondents from Contractors, Suppliers and Service providers who responded Yes on the question of knowing the procedures and process used in preparing annual procurement plan and implementation if are well followed in Meru District Council were twenty percent (20%) and those who said they don't know were sixty six

point seven percent (66.7%). While, thirteen point three percent (13.3%) they do not responded to the questions. This result was very important in relation to research problem and shows the extent to which the Suppliers, Contractors and Service providers only twenty percent (20%) have knowledge concerning the procedures and process used in preparing annual procurement plan and implementation if are well followed in Meru District Council as shown on Table 4.8

**Table 4.8: Contractors, Suppliers and Service Providers Response on Procedures/Process Used in Preparing Annual Procurement Plan and its Implementation**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	3	20.0
No	10	66.7
Non responses	2	13.3
<b>TOTAL</b>	<b>15</b>	<b>100.0</b>

*Source: Field Data*

The respondents from Suppliers, Contractors and Service Providers Respondents explained that Council annual procurement plan is prepared after the approved budget and procurement plan prepared by using the standard templates and guidelines provided by PPRA, however implementation of annual procurement plan in Meru District Council are not well followed due to the following reasons; fund not provided on time (53.3%), bureaucracy (13.3%), lack of Coordination among User Department and Procurement Management Unit (13.3%), delay in tendering

process and payment to renderers (20.1%). Table 4.9 shows the facts from the respondents.

**Table 4.9: Suppliers, Contractors and Service Providers Response on Procedures/Process Used In Preparing Annual Procurement Plan and Its Implementation**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Fund not provided on time	8	53.3
Bureaucracy	2	13.3
lack of Coordination among User Departments and PMU	2	13.3
Delay in tendering process and payment to renderers	3	20.1
<b>TOTAL</b>	<b>15</b>	<b>100.0</b>

*Source: Field Data*

#### **4.2.2 Factors Affecting Implementation of Annual Procurement Plan**

##### **i) Procurement Management Unit**

The respondents from the Procurement Management Unit, who responded concerning knowing the factors which affect implementation of annual procurement plan were hundred percent (100%). The research findings showed the extent of understanding of the factors affecting implementation of annual procurement plan. Table 4.10 shows the facts from the respondents.



**Table 4.10: Procurement Management Unit response on Factors Affecting Implementation of Annual Procurement Plan**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	3	100.0
No	0	0
<b>TOTAL</b>	<b>3</b>	<b>100.0</b>

*Source: Field Data*

Respondents from Procurement Management Unit explained that factors that affect implementation of annual procurement plan are; lack of knowledge and insufficient fund on time, budget reviewing, cooperation between procurement management unit and user departments, Long procurement process, and bureaucracy. All respondents from Procurement Management Unit explained that procurement plan in Meru District council is not fully implemented according to PPA No. 21, and its associated regulations to council which is supported by the information in Box 4.1

**Box 4.1 Case of Procurement of Motor Vehicle 2012/2013**

Meru District Council planned to procure District Executive Director's motor vehicle (Toyota Land Cruiser) in the financial year 2012/2013 worthy 100,000,000 Tzs. It was scheduled in the Annual Procurement Plan 2012/2013 to be procured on second quarter financial year 2012/2013 (October – December) 2012. The budget was reviewed, and the fund was re-allocated to other activities, hence the Meru District Council fail to procure the car for MDC Director for the financial year 2012/2013.

**ii) Council Tender Board Members**

Sixty six point seven percent (66.7%) of Council Tender Board Members agreed with question asked whether knowing the factors affect implementation of annual

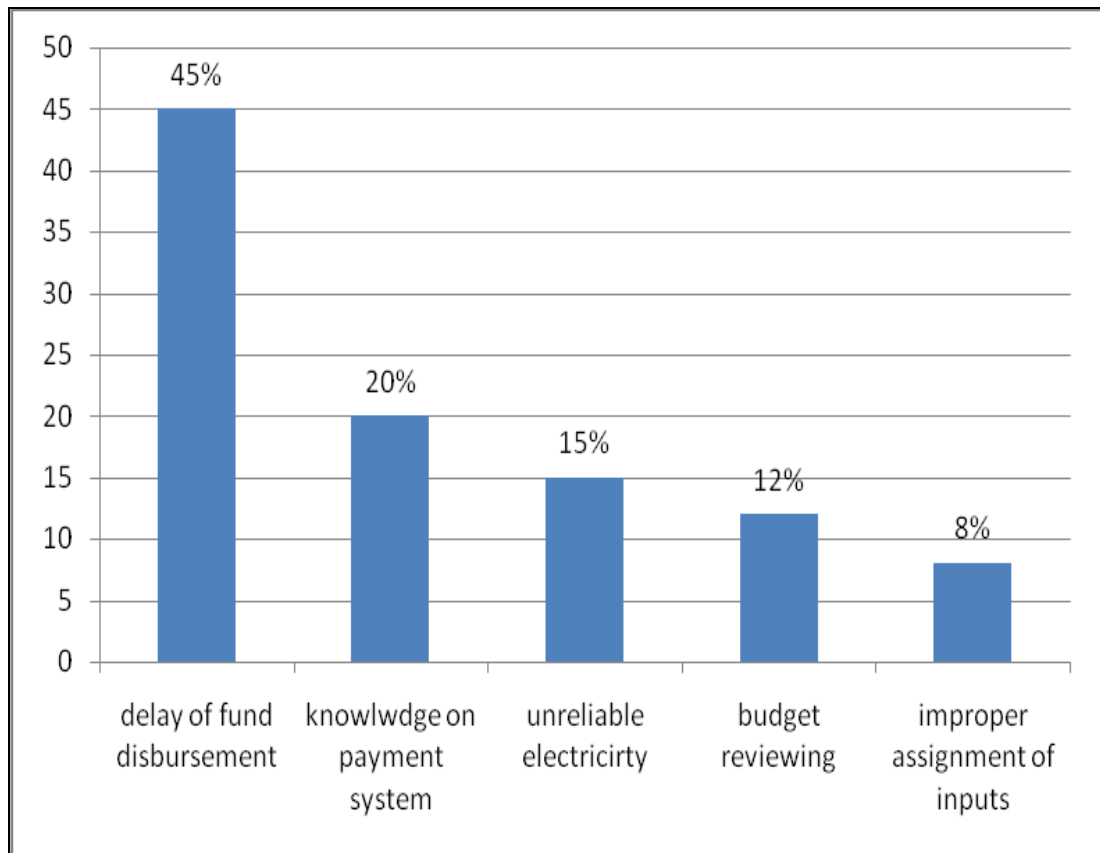
procurement plan, Sixteen point seven (16.7%) disagreed. However, about sixteen point six did not respond to the question. Table 4.11 shows the results from respondents

**Table 4.11: Council Tender Board Members Response on Factors Affecting Implementation of Annual Procurement Plan**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Agreed	4	66.7
Disagreed	1	16.7
No response	1	16.6
<b>TOTAL</b>	<b>6</b>	<b>100.0</b>

*Source: Field Data*

The study showed that, 45% of user department, PMU personnel and CTB, respondents mentioned delay of fund disbursement by the Government affects the implementation of annual procurement plan. Furthermore, the result showed that 20% of user department, PMU personnel and CTB respondents had no knowledge the newly introduced payment system (EPICOR) together with 15% of respondents said unreliable electricity affect implementation of annual procurement plan. In addition to that, 12% of user department, PMU personnel and CTB respondents complained of many budget reviewing affect plan implementation. However, improper assignment of inputs scored 8% of respondents as summarized in Figure 4.2

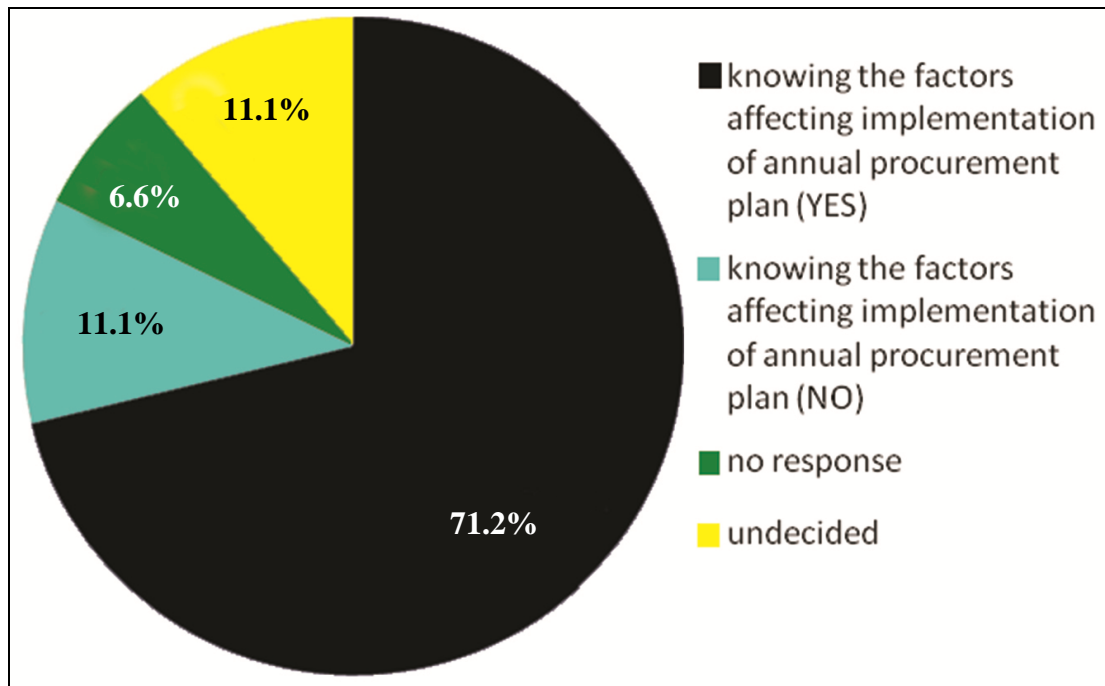


**Figure 4.2 Factors that Affect Smooth Implementation of Annual Procurement Plan**

*Source: Field Data*

### **iii) User Departments Respondents**

The respondents from user departments who responded about knowing the factors affecting implementation of annual procurement plan in Meru District Council were seventy two point two percent (71.2%) responded yes, and those who said they don't know where eleven point one percent (11.1%), six point six percent (6.6%) they do not respond to the question and eleven point one percent (11.1%) undecided. This result was very important in relation to research problem. Figure 4.3 shows the results from the respondents.



**Figure 4.3 User Departments Response on Factors Affecting Implementation of Annual Procurement Plan**

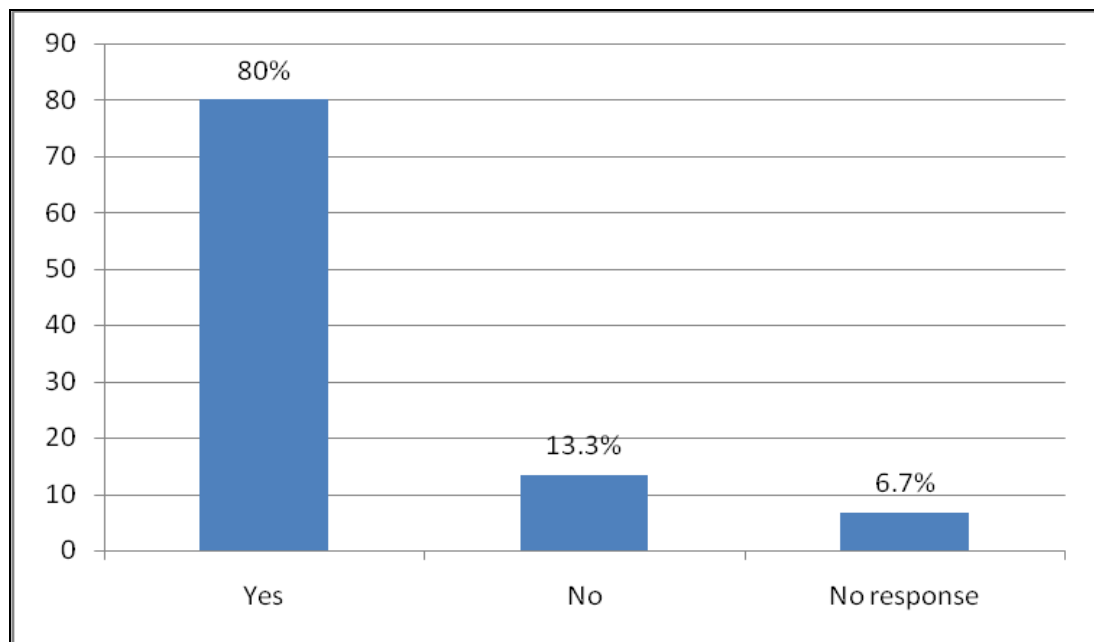
*Source: Field Data*

**iv) Contractors, Suppliers and Service Providers.**

The study aimed at knowing whether the respondents new the factors affecting implementation of annual procurement plan in Meru District Council. Eighty percent (80%) responded yes, and those who said they don't know were thirteen point three percent (13.3%) and six point seven percent (6.7%) they do not respond to the question. This result was very important in relation to research problem. Figure 4.4 indicates the results.

The respondents from Contractors, Suppliers and Service Providers explained that factors which affecting implementation of annual procurement plan in Local

Government Authorities, specifically in Meru District Council are; bureaucracy, accountability, long procurement procedures, delay of fund from central government and other sources, insufficient budget, delay of payments to contractors, suppliers and service providers. Table 4.12 indicates the results.



**Figure 4.4: Contractors, Suppliers and Service Providers Response on Factors Affecting Implementation of Annual Procurement Plan**

*Source: Field Data*

#### **4.2.2 The Effect of Management Action on Implementation of Procurement Plan in Meru District Council**

The research aimed to examine whether the respondents know the effect of management on implementation of annual Procurement plan in Meru District Council. This involved Procurement Management, Council Tender Board Members, User Departments Contractors, Suppliers and Service Providers.

**Table 4.12: Contractors, Suppliers and Service Providers Response on Factors Affecting Implementation of Annual Procurement Plan**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage</b>
Bureaucracy	1	6.7
Accountability	1	6.7
Long procurement procedures	3	20.0
Delay of fund from central government and other sources,	3	20.0
Insufficient budget	2	13.3
Delay of payments	5	33.3
<b>Total</b>	<b>15</b>	<b>100</b>

*Source: Field Data*

**i) Procurement Management Unit Respondents**

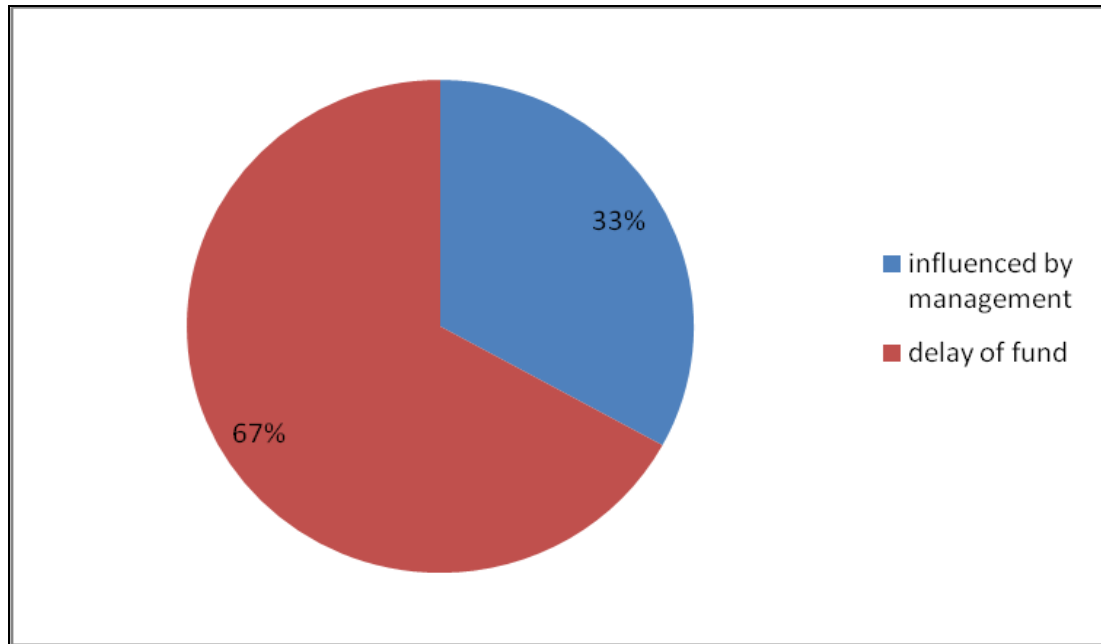
The respondents from procurement management unit, who responded about understanding the effect of management on implementation of annual Procurement plan in Meru District Council were hundred percent (66.6%). Those do not respond to the question were 33.3%. This results was very important in relation to the research problem, it indicates the high level of understanding the effect of management on implementation of annual Procurement in Meru District Council. Table 4.13 indicates the results from respondents.

**Table 4.13: Procurement Management Unit Response on the Effect of Management Action on Implementation of Annual Procurement Plan**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	2	66.7
No	1	33.3
<b>TOTAL</b>	<b>3</b>	<b>100.0</b>

*Source: Field Data*

The respondents from procurement management unit complained of been influenced by management on the implementation of annual procurement plan (33%). Delay of fund from central the Government and other sources (67%). Figure 4.5 indicates the results of respondents.



**Figure 4.5: Procurement Management Unit response on Effect of Management on Implementation of Annual Procurement Plan**

*Source: Field Data*

## ii) Council Tender Board Members

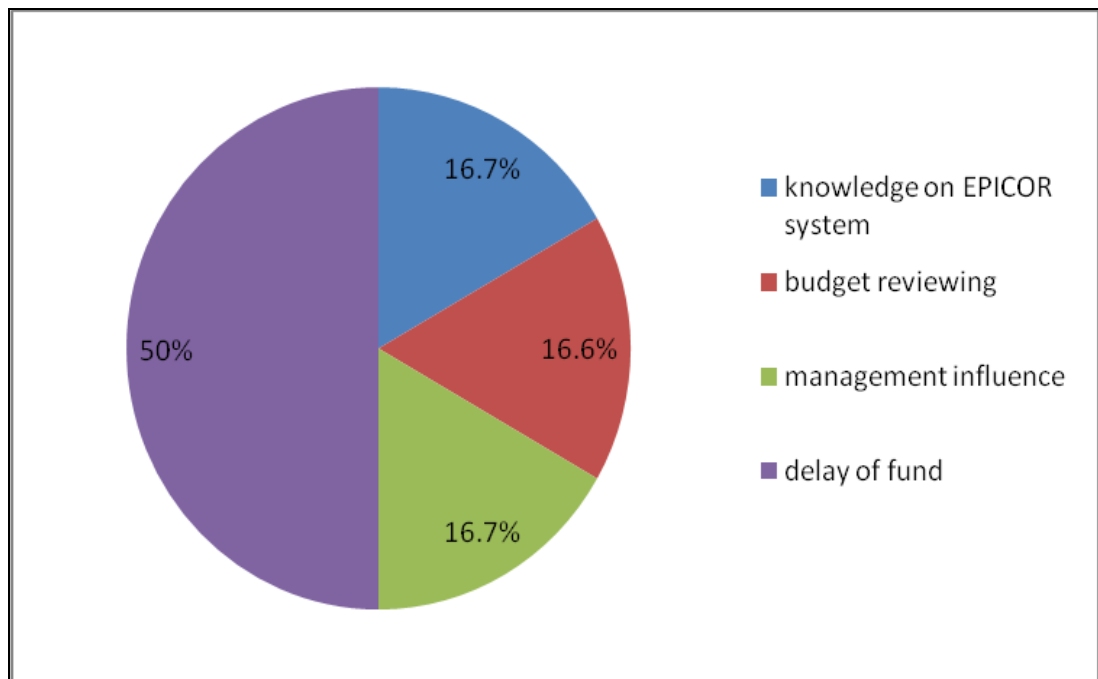
The research aimed to examine whether the respondents knew the effect of management on implementation of annual Procurement plan in Meru District Council. The respondents from Council Tender Board Members, who responded were sixty six point seven percent (66.7%), those who said don't know, were sixteen point seven percent and (16.7%). However, those do not respond to the question were sixteen point six percent (16.6%) Table 4.14 shows the result.

**Table 4.14: Council Tender Board Member Response on the effect of Management Action on Implementation of Annual Procurement Plan**

Response	Frequency	Percentage
Yes	4	66.7
No	1	16.7
No response	1	16.6
<b>TOTAL</b>	<b>6</b>	<b>100.0</b>

*Source: Field Data*

The respondents from Council tender board members complained of been influenced by management on the implementation of annual procurement plan (16.7%), delay of fund from central the Government and other sources (50%), budget reviewing (16.6%), respondents had no knowledge on the newly introduced payment system (EPICOR) (16.7%). Figure 4.6 shows the fact.



**Figure 4.6: Council Tender Board Members response on Effect of Management on Implementation of Annual Procurement Plan**

*Source: Field Data*



**i) User Departments**

The respondents from other user departments had different opinions with regard to the asked question concerned effect of management on implementation of annual Procurement plan in Meru District Council. The respondents from User Departments who responded yes were seventy two point two percent (72.2%), those who said they don't know were sixteen point six percent (16.6%). While, eleven point one percent (11.1%) they do not respond to the question.

**Table 4.15 Respondents from User Department Response on the Effect of Management Action on Implementation of Annual Procurement Plan**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	26	72.2
No	6	16.7
No response	4	11.1
<b>TOTAL</b>	<b>36</b>	<b>100.0</b>

*Source: Field Data*

The respondents from user departments explain that implementation of annual procurement influenced by management were (8.33%), delay of fund from central the Government and other sources were (55.56%), budget reviewing were (16.67%), no knowledge on the newly introduced payment system (EPICOR) were (13.89%), cooperation between procurement management unit, council tender board and user departments (5.55%). Table 4.16 shows the result from the respondents.

**Table 4.16: User Department Respondents Response on the Effect of Management Action on Implementation of Annual Procurement Plan**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Influenced by management	3	8.3
Delay of fund from central the Government and other sources	20	55.6
Budget reviewing	6	16.7
Knowledge on EPICOR system	5	13.9
Cooperation between PMU, CTB and board User Departments	2	5.5
<b>TOTAL</b>	<b>36</b>	<b>100.0</b>

*Source: Field Data*

Regardless of acknowledging that they know effect of management on implementation of annual procurement plan in Meru District Council, that influenced by management, Delay of fund from central Government and other sources, Lack of response from decision markers at right time, Knowledge on EPICOR system, lack of cooperation between procurement management unit, council tender board and user department. This lead to inconveniences to the management and contractors as Shown in Box 4.2

**Box 4.2 A Case of Constrution of Meru District Council (Hq Building)**

Meru District Council entered into contract with M/S Elarai Construction Company LTD for construction of Head Quarter building in 2008. The contract amount was Tzs 3.6 billion, the work to be completed in 18 months in expectation that Government could disburse the fund on time. However, fund was not released as expected, up the writing of this research, funds were not fully disbursed and the construction is not completed. This situation forced the contractor to raise costs due to change of price, as a result Council management faces shortage of office rooms.

### **i. Contractors, Suppliers and Service Providers**

The study aimed at knowing whether the respondents knew effect of management on implementation of annual Procurement plan. Eighty percent (80%) responded yes, and those who said they don't know were twenty percent (20%). Table 4.17 indicates the results from the respondents.

**Table 4.17: Contractors, Suppliers and Service Providers Respondents Response on the Effect of Management Action on Implementation of Annual Procurement Plan**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	12	80
No	3	20
<b>TOTAL</b>	<b>15</b>	<b>100.0</b>

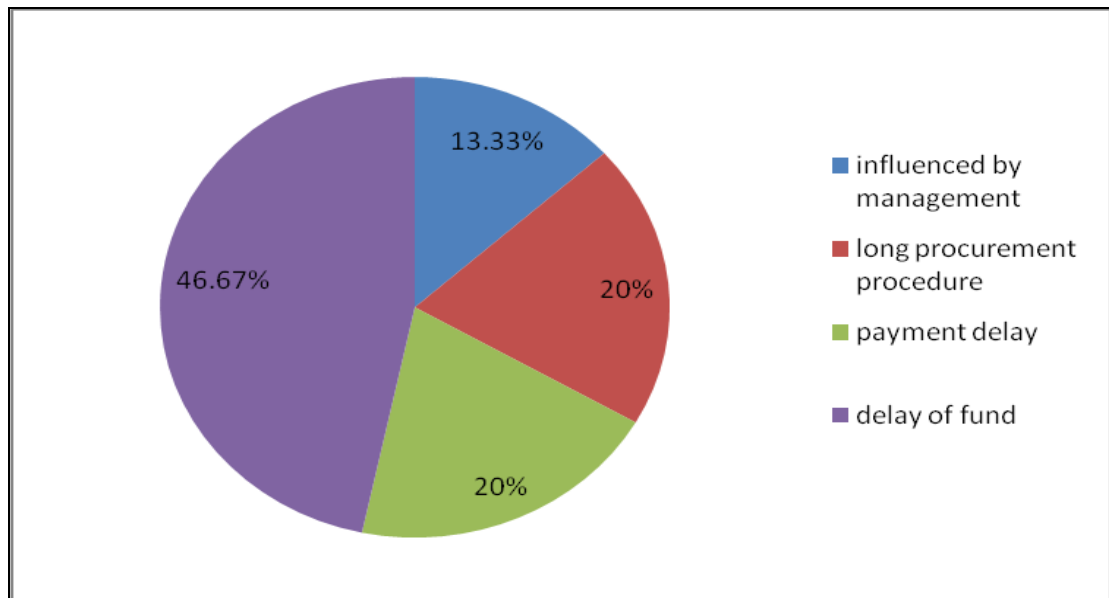
*Source: Field Data*

The respondents from Contractors, Suppliers and Service Providers explain that, implementation of annual procurement plan was influenced by management (13.33%); delay of fund from central the Government and other sources (46.67%), long procurement procedures (20%), payment delay (20%). The summary of respondents is shown in Figure 4.7.

### **4.3 Discussion of the Findings Linking Back to the Literature Review**

The conceptual framework of this study was to assist in realizing the factors affecting implementation of annual procurement plan in Local Government Authorities. Conceptual framework includes two variables; independent and dependent variables. Independent variables are variables that influence others

variables and independent variables are variables which are influenced by variation that occur in another variable. The conceptual framework was drawn so as to enable researcher to answer the concept of factors affecting implementation of annual procurement plan in Meru District Council.



**Figure 4.7: Contractors, Suppliers and Service Providers response on the Effect of Management Action on Implementation of Annual Procurement Plan**

*Source: Field Data*

The researcher developed three main questions and answered by respondents from Meru District Council. The targeted groups of respondents were from Procurement Management Unit, Council Tender Board Members, User Departments, Contractors, Suppliers and Service providers, the questions were as follows:

- i) Procedure/process used in preparing procurement plan and its implementation if are well followed in Meru District council.
- ii) Factors affecting implementation of annual procurement plan in Meru District Council.

iii) Effect of management on implementation of annual procurement plan in Meru District Council.

During the study, the respondents (Procurement management unit, Council tender board members, User departments, Contractors, Suppliers and service providers) explained that process/ procedures used in preparing annual procurement plan and implementation are not followed in Meru District Council as follows;

- In adequate allocation of funds during budgeting compared to actual requirements. (insufficient ) budget
- Lack of awareness and skills to decision makers concerning the use of appropriate procedures and policies in implementation of annual procurement plan
- Lack of coordination among User Department and Procurement Management Unit, and council Tender board.
- Lack of accountability, bureaucracy and ethics during procurement process/ procedures
- lack of idea on the relationship between budgeting and annual procurement plan
- Lack of awareness on implementation of annual procurement plan
- Budget review which cause reallocation of funds and change planned activities

Respondents ( Procurement management unit, Council tender board members, User departments, Contractors, Suppliers and service providers) explained that, factors

affecting implementation of annual procurement plan in LGAs, specifically in Meru District Council are as enumerated below:

- ii) Delay of fund from central government and other sources, this causes delay of implementation of annual procurement plan
- iv) Lack of ethics, bureaucracy and accountability during procurement of goods, works and services.
- vi) Interruption of politicians in decision making
- viii) Lack of coordination among user departments and procurement management unit
- x) Inadequate allocation of funds during budgeting compared to actual requirements. (insufficient) budget
- xii) Improper specifications during preparation of bid documents which causes sub stand of projects, goods and services
- xiv) Poor selection of suppliers, contractors and service providers during tendering process
- xvi) Requirements of Compliance with Public Procurement Act and its regulations which leads to prolonging procurement process and procedures
- xviii) Influence of management
- xxi) Lack of knowledge on the newly introduced payments system (EPICOR) which causes delay of payments to renderers.
- xxii) Lack of awareness and skills to decision makers concerning the use of appropriate procedures and policies in implementation of annual procurement plan.

The respondent from Meru District Council explained that (Procurement management unit, Council tender board members, User departments, Contractors, Suppliers and service providers) explained that effect of management hinder implementation of annual procurement plan in Meru District Council due to the following reasons:

- i. Lack of awareness and skills to decision makers concerning the use of appropriate procedures and policies in implementation of annual procurement plan
- ii. Skipping of some procedures and policies set in the public procurement act which cause in adherence of proper use of public fund
- iii. Lack of response from decision markers at right time this cause delay in implementation of annual procurement plan
- iv. Corruption during procurement process which cause delayed of implementation of intended activities
- v. Emergency requirements results in breaching of Public Procurement Act, No. 21 and its associated regulations

## **CHAPTER FIVE**

### **5.0 CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

The main objective of this study was to assess factors affecting implementation of annual procurement plan in Local Government Authorities, specifically in Meru District Council Arusha Tanzania. The study was concerned with three specific objectives.

- i. To identify procedure/process used in preparing annual procurement plan and its implementation if are well followed in Meru District Council
- ii. To identify the factors affecting implementation of annual procurement plan in Meru District Council
- iii. To examine effects of management on implementation of annual procurement plan in Meru District Council

Therefore, this chapter comprises Summary of the main findings, Implication of the Results, conclusion, and recommendations, Limitations of the Study and Area for further Study. The research methodology of this study concerning factors affecting implementation of annual procurement plan in Meru District Council was design to collect data from sixty (60) respondents (Procurement Management Unit, Council Tender Board Members, User Departments, Contractors, Suppliers and Service Providers). During the study different research tools were used including interview, questionnaire, internet, documentary review and observations. The collected data was analyzed using SPSS software version 16.0



## **5.2 Summary of the Main Findings**

The study was carried out concerning the main objective of assessing the factors affecting implementation of annual procurement plan in Local Government Authorities, specifically in Meru District Council. Meru District Council was chosen as a representative of others Local Government Authorities because it is among of public procuring entities required to follow the Public Procurement Act No. 21 of 2004 and its associated Regulations 2005 during procurement process and procedures.

Procurement planning begins at the design stage during the identification and preparation stages of the project cycle. Planning for implementation involve preparation of a project work plan describing the various project tasks and activities including how the tasks are to be accomplished and managed and identifying the resources necessary to carry out the various project activities.

The research revealed that, Delay of fund from central government and other sources, Inadequate allocation of funds during budgeting compared to actual requirements (insufficient) budget, budget reviewing, this are factors are main factors that affect implementation of annual procurement plan in Meru District Council.

Furthermore, the study revealed that, lack of awareness and skills to decision makers concerning the use of appropriate procedures and policies in implementation of annual procurement plan, results to procure goods, works or services which are not

scheduled in the annual procurement plan and this cause non adherence of Public procurement Act No. 21 of 2004 and its associated Regulations 2005.

### **5.3 Implication of the Results**

The central government and its stakeholders must pay critical attention to procurement planning. The public procurement Regulatory Authority (PPRA) has to ensure that the public procurement Act No. 21 of 2004 and its regulations 2005 are followed by all procuring entities. The new introduced procurement division in the ministry of Finance and Economic Planning has to ensure the proper policies are made towards implementation of annual procurement plans in the procuring entities. Therefore the study found that, procurement planning is a critical area which should be given priority to the procuring entities for the better use of public funds.

In developing countries like Tanzania, having an effective procurement planning system will continue to be a challenge to the public organizations. Procurement planning must become a priority for the government ministries and a whole public sector and increased policy initiatives from the central government; through the parent Ministry of Finance and Economic Affairs to support this priority. The PPRA must continue to play a central role in providing training, technical guidance and ensuring compliance to all set rules.

Management team of the organization should ensure that all staff who are directly or indirectly involved in procurement are equipped with adequate knowledge of procurement including procurement planning and how the staff can effectively

overcome the factors affecting APP. Decision makers from different organizations are hereby called upon to position themselves with the necessary skills concerning preparation and implementation of annual procurement plan and make procurement decisions basing on the annual procurement plan to enhance value for money procurement.

#### **5.4 Conclusions**

The study can be concluded that, Meru Council has procurement plans prepared using the standard templates and guidelines provided by Public Procurement Regulatory Authority (PPRA). Meru district council like any other LGAs faces many challenges such as confusion within the budget or between the budget preparation and annual procurement plan, procurable items not indicated in the budget, budget reviewing, lack of awareness on implementation of annual procurement plan, management actions, delay of fund from central Government and other sources, those challenges need to be tackled.

The study also concluded that regardless of established of PPA, No. 21, of 2004, and its regulations 2005, there is disobedience of this law, however not for all procurement activities.

Furthermore, the study concluded that, user departments are not conversant with PPA especially section 36 (1) (a) to (j) which stipulates the need of liaising and assisting PMU in procurement and disposal, more than that section 36 (2) stipulates the need of user departments to prepare a work plan for procurement based on the approved budget.

The study concluded that, implementation of annual procurement plan still remains essential aspect for better performance in Meru District Council and other Local Government Authorities (LGAs) if well addressed. However, it can be concluded that, procurement plan should be adhered according to Public Procurement Acts 2004 and its regulation 2005 in order to impart efficient, cost effective and finally to obtain value for money.

### **5.5 Recommendations**

Respondents (Procurement management unit, Council tender board members, User department, contractors, suppliers and service providers) provided their views concerning how to resolve challenges and factors affecting implementation of annual procurement plan in Local Government Authorities, specifically in Meru District council. It can be recommended that in order to overcome the factors that affect implementation of annual procurement plan in Local government authorities specifically in Meru District Council the following recommendations should be adhered to;

- Council should ensure that, Annual Procurement Plan is based on needs assessment and the council plan.
- Council should ensure that procurement processes are conducted efficiently in terms of time, cost and take necessary actions as appropriate against those responsible for unnecessary delays and ensure that all procurement achieve value for money.
- Council should facilitate the proper functioning of their integrity committees and ensure that action plans are prepared and implemented.

- Council should pay contractors, Suppliers, Service providers as per the terms and condition of contract. Time, quality and cost should be properly managed and where delayed caused by contractors, Suppliers or Service providers, liquidated damages should be charged.
- User departments should determine their annual requirements based on the approved budget and submit to the PMU on time, as well as proposal of technical inputs and specifications of goods, works and services.
- Government and other sources should release fund on time to enable the plan to be implemented without delay.
- Tender Board Members, Procurement management unit, User department t should be trained on procurement matters , PPA 2004 and its associated regulations concerning Preparation of annual procurement plan and its implementation as capacity building measure in order to increase efficiency in the procurement process and ensure compliance to the Acts and its Regulations.
- Management should adhere to the annual procurement plan according to the approved budget
- All stakeholders who are concerned in implementation of annual procurement plan in LGAs should have to be knowledgeable and clear understanding of annual procurement plan and implementation.

## **5.6 Limitations of the Study**

This study intended to assess factors affecting implementation of annual procurement plan in Meru District Council. As a researcher, I faced some limitations during data

collection, information and data required for the research. The following were the limitations to the study;

- i. A researcher faced difficulties in finding some of information and data which considered necessary due to fact that some of data are for official use only.
- ii. Some respondents were reluctant to fill the questionnaire which provided to them.
- iii. The study was conducted while I was working and at same time studying. This caused me to miss some important data and information at right time.

In spite of all these limitations, researcher managed to collect proper information and data which enhanced this repots accomplished in time.

### **5.7 Area for Further Study**

The study intended to assess factors affecting implementation of annual procurement plan in Meru District Council. The study opens avenues for further research in this subject matter. The research focused only on factors that affect implementation of annual procurement plan in one of the local government council.

- i. Further study can be conducted on factors affecting implementation of annual procurement plans in different council, organizations and sectors to prove or disprove these findings.
- ii. Studies can also be carryout on assessing the impacts of factors affecting implementation of annual procurement plan in councils.
- iii. It is very crucial to assess the impact of annual procurement plan to budget every financial year.

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## APPENDICES

## APPENDIX 1: Questionnaire to PMU Staff

The objective of this questionnaire is to collect data related to the annual procurement plan in Meru District Council. The researcher wishes to assure you that the information provided will be used solely for academic purposes only. Please fill or tick the appropriate answer where applicable. If the space is not enough write at the back of the paper or attach another paper.

1. Sex of respondent:                      1 = Male                      2 = Female
2. Tick in the relevant box about your knowledge in Procurement qualifications;
  - a) National Storekeeping certificate ( )
  - b) Diploma in Materials Management ( )
  - c) Advanced Diploma in Procurement / Bachelor Degree in
  - d) Procurement and Supplies ( )
  - e) Certified Procurement and Supplies Professional (CSP, CPSP, CIPS)
  - f) Others- specify..... ( )
3. How long have you been in your present position? .....(months)
4. Is the procurement plan prepared adequately? Yes ( ) No ( )
5. If No in q4 above explain why?
6. Does the procurement prepared implemented effectively..... Yes or No
7. If No in Q6 above, what do you think are the factors that affect implementation of APP in your organization? [Rank the appropriate answer(s)]
  - a) Late request from user departments ( )
  - b) Confusion between budget and annual procurement plan ( )
  - c) Procurable items are not indicated in the budget ( )

- d) Interdepartmental relationship ( )
- e) Insufficient manpower ( )
- f) Management actions ( )

8. Does the procurement plan been implemented as scheduled? Yes or No

9. If No in Q8 above why?

- i) .....
- ii) .....
- iii) .....
- iv) .....

10. Do you think the management action have effect during implementation of procurement plan? Yes ( ) No ( )

11. If Yes in Q10 above, explain .....

12. Do you think that during Annual procurement plan preparation, procedures are followed? Yes ( ) No ( )

13. If No in Q12 above why?

.....

.....

.....

14. By referring to the GPN in the financial year 2011/2012 how many tenders have been floated following the dates as per plan? ..... ( )

15. In your opinion do you think APP templates (contents and structures) introduced by PPRA is sufficient and relevant to your entity? Yes ( ) No ( )

16. If No in Q 15 above explain the deficits

17. Are the procedures outlined below that are essential in maintaining good cooperation between user department and PMU during procurement plan process?

- i) Forecasting annual requirements Yes or No
- ii) Determine the time scale for delivery of the item or completion of the assignment Yes ( ) or No ( )
- iii) Estimate the cost of forecasted requirement Yes or No
- iv) Determine the priority for each requirement Yes or No
- v) Establish procurement method Yes or No

18. Are there any effects caused by number of procurement staff during procurement plan process? Yes ( ) No ( )

If yes, mention

S/n.	Effects	How do you overcome?
1		
2		
3		
4		

**Thanking you in advance**

**Amida Lema**

## **APPENDIX 2: Questionnaire to User Departments**

1. Do you think there is any weakness during procurement plan in Meru District Council?

Yes (    )    No (    )

If yes mention them

i) .....

ii) .....

iii) .....

2. Lack of a well annual procurement plan is a cause of poor delivery of goods and Services to user departments. Agree (    ) Undecided (    ) Disagree (    )

3. Do you always request goods, works and services to be procured on emergency bases?

i) YES

ii) NO

iii) Not always

4. Does your Council have enough liquidity to support procurement plan?

YES

NO

5. 5. What are your views about implementing Annual Procurement Plan?

.....

.....

**Thanking you in advance**

**Amida Lema**

### **APPENDIX 3: Questionnaires for Council Tender Board (CTB) Members**

The purpose of this questionnaire is to collect data for academic matters only and not for otherwise, therefore respondents are requested to respond freely and will be kept strictly confidential. Please put a check mark (✓) or circle the answer against each question according to your opinion, or fill in the blanks provided.

1. Sex of respondent

- a) Male
- b) Female

2. Professional qualification attained

- a) Certificate (      )
- b) Diploma (      )
- c) First degree (      )
- d) Masters (      )

3. Your working experience as Council Tender Board member

- a) Less than 2 years (      )
- b) 2 years (      )
- c) More than 2 years (      )

4. Are you aware about procurement ethics?

- a) Yes (      )
- b) No (      )
- c) Somehow (      )

5. Have you attended any training on Procurement Act and its regulations

- a). Yes
- b). No



6. What is the level of adherence of MDC as a procuring entity to the PPA of 2004 and its regulations of 2005?

- a) High (      )
- b) Moderate (      )
- c) Low (      )

7. Are the s Suppliers, contractor and service providers preferred offering gifts.

- a) Yes (      )
- b) No (      )
- c) Sometimes (      )

8. Have you ever seen a gift declaration form?

- a) Yes (      )
- b) No (      )

9. What should be done by the government to minimize ethical challenges to the procurement?

.....

.....

.....

10. How did you manage the disputes with Suppliers, contractor and service providers?

i.....

ii .....

iii .....

iv .....

11. Who is responsible for Procurement Contract Execution at Council?

- a) Contract management team
- b) PMU
- c) Council Tender Board
- d) District Executive Director

[    ]

12. The following are considered to be the factors affecting Annual Procurement Plan implementation. Please tick off the factors that you agree.

- (i) Failure of the CTB to understand the terms and conditions of the contract

[    ]

- (ii) Poor cooperation between CTB and PMU

[    ]

- (iii) Failure of the procuring entity to design achievable procurement contract procedures

[    ]

- (iv) Failure to perform according to the guidelines and regulations stipulated in the PPA (Sect 45 and 46)

[    ]

13. Do you think that the Council organizational structure supports the Implementation of annual procurement plan?

- (i) Yes

[    ]

(ii) No

[     ]

14. If Yes, in Q12 above, explain how it supports Implementation of annual procurement plan.

.....  
 .....  
 .....

If NO, in Q12 above, explain how it supports Implementation of annual procurement plan.

- i. ....  
 ii. ....  
 iii. ....  
 iv. ....

15. Do the MDC (purchaser) and the Suppliers, contractor and service providers fulfill the contractual obligations?

a) Very Strongly Fulfill

b) Strongly fulfill

c) Slightly strongly

d) Less Strongly

[     ]

16. How do you manage contract under this situation

- (i) Deliveries of items of poor quality as compared to the specifications

.....  
 .....  
 .....

(ii) Short deliveries (less quantities)

.....  
.....

(iii) Late deliveries

.....  
.....

**Thanking you in advance**

**Amida Lema**

#### **APPENDIX 4: Questionnaire for Suppliers, Contractor and Service Providers**

I kindly request your response to the questions as honestly as you can. Your response will be treated with high confidentiality

##### **A. Basic Information**

Please put a tick (✓) in front of correct answer provided.

1. Sex of respondent

- a. male
- b. female

2. Age of the respondent

- a. 18 – 25 years
- b. 26 – 35 years
- c. 36 – 45 years
- d. 46 – 55 years
- e. over 55 years

3. Education level of respondent

- i) Primary
- ii) Secondary
- iii) Tertiary
- iv) Adult education

4. 4. When did you become a Suppliers, contractor or service providers?

.....

.....

.....

5. Is there any equality terms of participation of Suppliers, contractor or service providers in invitation to tender?

a) Yes

b) No.

6. Do you have any contract agreement between you and the Meru District Council on the works, goods and services?

a) Yes

b) No

7. If Yes in Q6 above, explain how did you obtain the contract

.....  
 .....  
 .....

8. Do the MDC personnel prefer gifts?

a) Yes ( )

b) No ( )

c) Sometimes ( )

9. Do you know procedure to be followed during tendering?

a) Yes ( )

b) No ( )

10. 10. What problems do you face as Suppliers, contractor or service providers?

i. ....

ii. ....

iii. ....

iv.....

11. Have faced any disputes with MDC during the period of your contract?

a) Yes

b) No.

12. If yes in Q11 above, how did you settle the disputes?

.....  
.....

13. 13. As Suppliers, contractor or service providers, what would you like most the Council can do to improve your task of works, goods and services.

.....  
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.....  
.....  
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**Thanking you in advance**

**Amida Lema**